UNITED
NATIONS

DP

Governing Council
of the
United Nations
Development Programme

Distr.
GENERAL

DP/1991/SR.26
18 June 1991

ORIGINAL: ENGLISH

GOVERNING COUNCIL

Thirty-eighth session

SUMMARY RECORD OF THE 26th MEETING

Held at Headquarters, New York,
on Wednesday, 12 June 1991, at 10 a.m.

President: Mr. PIRIZ-BALLON (Uruguay)

CONTENTS

Programme planning

(a) Country and intercountry programmes and projects

Special programmes of assistance

(a) Africa-related matters

Annual report of the Administrator for 1990 and programme-level activities (continued)

This record is subject to correction.

Corrections should be submitted in one of the working languages. They should be set forth in a memorandum and also incorporated in a copy of the record. They should be sent within one week of the date of this document to the Chief, Official Records Editing Section, Department of Conference Services, room DC2-750, 2 United Nations Plaza.

Any corrections to the records of the meetings of this session will be consolidated in a single corrigendum, to be issued shortly after the end of the session.

The meeting was called to order at 10.15 a.m.

PROGRAMME PLANNING

(a) COUNTRY AND INTERCOUNTRY PROGRAMMES AND PROJECTS

1. Mr. NOUR (Assistant Administrator and Regional Director, Regional Bureau for Arab States and Europe) said that consideration of UNDP's response to the historic events in Europe in 1989 and 1990 presented an opportunity for the Governing Council to provide guidance on the policy issues raised by a significant group of long-standing recipients whose situation and need for technical cooperation had radically changed.

2. A cluster meeting of the small team working on UNDP programmes in Europe at the country level and at headquarters within the Regional Bureau for Arab States and Europe had been held at Geneva in April 1991, together with officials from the relevant thematic divisions of UNDP. An outline had been developed and shared with all the European indicative planning figure (IPF) countries, the specialized agencies of the United Nations development system and several other multilateral funding agencies - the World Bank, the Commission of the European Community and the recently created European Bank for Reconstruction and Development (EBRD). All had responded enthusiastically to the idea of a people-centred approach to the European economies in transition.

3. The Administrator had made visits to almost all the countries concerned one year earlier, and had held discussions with policy makers at the highest level. Shortly before those visits, he himself had led a high-level mission to Poland, Hungary and Czechoslovakia, which had enabled the Regional Bureau to identify the areas which had then appeared to be the top priorities in the complex and still evolving situation.

4. The Regional Bureau had faced other challenges over the past year. It was still providing technical support to countries in all parts of the region, both Arab and European, which were facing some of the most complex, exciting and, for the time being, devastating developments in recent history. More than one half of the countries with which the Regional Bureau dealt were in a state of crisis; almost all the others were undergoing profound societal change. He paid tribute to the small team of professionals, both in the field and at headquarters, who had devoted their skills and time to developing new ideas and approaches. Without additional resources or staff and, in most cases, without a country presence, the team had demonstrated what could be achieved and why technical cooperation, particularly through UNDP, was so relevant to the processes of economic, social and political transition.

5. Drawing attention to the informal conference room paper which was before the members of the Council, he said that the Regional Bureau covered recipients ranging from some of the largest of the least developed countries to the wealthiest of the oil-producing developing countries. As part of UNDP,

(Mr. Nour)

which was committed to the least developed and the lowest-income countries, the Bureau was convinced that its contribution to the transition in Eastern Europe must be made without diverting core resources or management attention from the countries under its mandate.

6. In order for those initiatives to be sustained, there was a need for additional programme and staff resources. The approach which the Regional Bureau had adopted was in line with the Charter of the United Nations, in that it promoted mutual understanding among countries rather than encouraging competition for limited and often insufficient resources.

7. Mr. WHALEY (Deputy Regional Director, Regional Bureau for Arab States and Europe) said that the Regional Director had just referred to the main challenge which the Regional Bureau had faced over the past year, namely, the need to respond to an appeal for critical technical support for reform processes without contributing to the diversion of resources from the least developed and lowest-income countries. The UNDP commitment to those countries was reflected in the approach which the Bureau had adopted in response to the changes taking place in Central and Eastern Europe.

8. The main responsibility for the Regional Bureau's activities fell upon the five headquarters officers who constituted the field office team for Albania, Bulgaria, Czechoslovakia and Hungary, as well as Malta and Portugal; the somewhat isolated Resident Representatives in Poland and Yugoslavia; and the small teams in Turkey and Cyprus.

9. A clear message had emerged from the seminar of privatization agencies of the subregion held in November 1991. All the participants had declared their conviction that multiparty democracy, diverse and principally private ownership of the means of production, and broad participation in decisions concerning both resource allocation and the access to and management of services constituted inseparable elements of a market economy. They were designed to release the energies, the imagination and the risk-taking capacity of individuals in the interest of a better society for all.

10. It had given him great satisfaction to visit the small, cost-effective, new UNDP office at Warsaw and to observe a group of Polish nationals who were responsible for redesigning UNDP work in Poland. As he spoke, another historic event was taking place: the UNDP Resident Representative-designate in Albania, a country which for years had expressed no interest in having a UNDP field office, was inaugurating the UNDP presence there.

11. He had also participated as an observer in a meeting of policy makers from Central and Eastern Europe, and Latin America and the Caribbean, held at Vienna in March 1991 under the auspices of the Economic Commission for Europe (ECE), the Economic Commission for Latin America and the Caribbean (ECLAC) and UNDP. The representatives of the regions had compared notes on such issues as export promotion, marketing, exchange-rate policy,

(Mr. Whaley)

measures to encourage foreign direct investment, inflation control, industrial strategy, price stabilization and subsidies.

12. At a recent colloquium held at Algiers, the growing confrontation between the South and the East had been transformed into greater mutual understanding, based on improved knowledge of the facts and the recognition that resources and knowledge still flowed from the East to the West as well as from the South to the North.

13. Lastly, he had presided over the cluster meeting held at Geneva in April 1991, at which the ideas arising from close consultation with Governments had been warmly welcomed and endorsed by all.

14. The informal conference room paper on technical cooperation in the transformation and recovery of European economies in transition described the role of UNDP before the events of 1989. While the cooperation programme had been exemplary in many ways, it was uncertain whether the overall economic and social environment had allowed it to have a major impact on the lives of people in general. The dividends of institutional capacity had certainly not been fully realized. Nevertheless, with its emphasis on networking among centres of technological excellence in the subregion and beyond, and its involvement of key technicians, the programme had provided the kind of support and encouragement which only a universal, neutral body could have offered at the time.

15. The paper focused on the response of UNDP to the new situation. UNDP had drawn on the principles of human development and had placed people at the centre of the process. In doing so, it had generated a series of new approaches and methodologies which had been experimentally implemented over the past year. UNDP was focusing its policy-oriented technical cooperation on five broad and interrelated programmes: the human dimension of transition; the development of the management skills and systems required by all types of institutions so that they could operate in a competitive international market economy; the expansion of opportunities through the establishment of an enabling environment and mechanisms to encourage the emergence and dynamic involvement of both the domestic and the international private sector; the design and implementation of sustainable development policies with a particular focus on the measures required to tackle the acute problems of environmental pollution; and the exchange and flow of information, people and goods through more reliable and accessible communication facilities.

16. Those elements constituted the basis for an overall strategy. Together they defined broad areas of priority and ensured appropriate linkages between specific activities and institutions at the country level, among external partners and among the countries of the subregion. They had provided the basis for an innovative approach to the Regional Bureau's programming exercise for the fifth cycle: using the core resources as seed money for designing and launching a series of interlinked national and regional activities which would be presented to the Council in June 1992. They had also made it possible to

(Mr. Whaley)

identify the need for well-structured networking among national agencies and the intensive use of mechanisms such as the Transfer of Knowlege through Expatriate Nationals (TOKTEN), United Nations Volunteers (UNV) and United Nations Short-term Advisory Resources (UNISTAR) programmes to provide hands-on advice and bring the direct experience of the market to bear on management in a totally new environment. UNDP was helping major bilateral and multilateral funding agencies to make the critical link between complex microdemand and their available, but still largely untapped, macrofunding.

17. In order to translate that strategic programme approach into operational reality, financing and high-quality personnel were needed. That could be achieved by channelling some of the resources already earmarked for the European economies in transition through UNDP, in order to fund specific activities.

18. What the Regional Bureau needed from the Council, in addition to guidance, was an endorsement of its overall approach, encouragement to undertake the appropriate development exercise and to continue to mobilize resources in an appropriate manner, and the allocation of the administrative budget and Special Programme Resources in accordance with the thematic thrust of its initiative.

19. Mr. JASINSKI (Poland) said that his delegation fully supported the approach outlined in the informal conference room paper. The Deputy Regional Director had referred to the useful meetings held at Vienna and Algiers, at which representatives of Arab and Latin American countries had discussed the challenges and opportunities for international cooperation arising from the process of transformation in Central and Eastern Europe. The discussion had confirmed the basic principles underlying UNDP activities, as embodied in the 1970 Consensus. His country was grateful for such support and encouragement of its efforts, which would determine the success or failure of the attempted transformations. It was satisfying to note that a spirit of constructive contribution prevailed within the UNDP Administration, both in the field and at headquarters, and he looked forward to increased cooperation with the Administration and the executing agencies.

20. Mr. BAICHEV (Bulgaria) said that the euphoria which had accompanied the profound democratic changes in Central and Eastern Europe in 1989 had gradually given way to a more sober assessment. His delegation agreed that the transitional period would be longer and would require far greater efforts than originally envisaged, and that substantial support would be needed from the international community. His country's experience of transition to a market economy confirmed that view. The crisis of the national economy was the legacy of a strongly centralized system which for decades had favoured heavy industry, distorted prices and suppressed market forces, leading to overall imbalances and excessive internal and external debt. Close trade links with the members of the Council for Mutual Economic Assistance (CMEA) had provided a market for the manufacturing sector, but at the same time, they had insulated the country from international competition.

(Mr. Baichev, Bulgaria)

21. While momentous political and economic changes had been initiated in 1989, they had not been introduced as an integrated package, and by 1990 the economy had been at an intermediate stage. With the erosion of the centralized planning and management system, neither the plan nor the market had governed the economy. The result had been a severe deterioration in Bulgaria's terms of trade, aggravated by an adverse external environment. The Middle East crisis had made a strong direct and indirect impact on the country. In 1990, output had fallen by more than 10 per cent, and a further sharp decline appeared to be inevitable.

22. Against that background, a strong consensus had emerged for addressing macroeconomic imbalances and implementing fundamental reforms. The programme for 1991, which had received international support, had two central aims: to end the chronic excess demand and stabilize the economy within a new macroeconomic framework, and to take essential steps towards the adoption of market mechanisms. The specific targets of the programme were, first, to prevent the further decline of the economy, which was, however, inevitable for the first half of 1991, and to strive for a progressive recovery in the second half of the year; secondly, after initial sharp corrective adjustments, to reduce rapidly the rate of inflation in the last six months of 1991; thirdly, in accordance with those objectives, to limit the external deficit.

23. No efforts were being spared to bring the transition process to a successful conclusion and to integrate Bulgaria fully into the world economy. The process of fundamental social and economic change was well under way, and a constitution was in preparation. Bulgaria was holding broad discussions with the international monetary, trading and credit institutions. It had recently become a member of the International Monetary Fund (IMF) and the World Bank, and the procedure for its accession to the General Agreement on Tariffs and Trade was in progress.

24. In that connection, his country attached particular importance to UNDP as a universal body concerned with the organization and funding of multilateral technical cooperation, which Bulgaria considered to be vital in the transitional period. His delegation fully shared the view that there was a need to identify the mechanisms whereby UNDP could mobilize resources additional to the core funds, in order to assist in solving the economic and social problems which the Central and Eastern European countries were facing in their transition. It was to be hoped that the Governing Council would give the requisite mandate to the Administrator. He appealed to all members of the Council, both donor and recipient countries, to express their views on that subject. Lastly, it should be noted that, in order to be successful, such activity should be carried out in close cooperation and coordination with other international organizations, such as the World Bank, EBRD and IMF.

25. Mr. POPESCU (Romania) said his delegation was grateful that UNDP was breaking new ground in helping the European recipient countries to move from centrally planned to market-driven economies. It had been satisfying to learn

(Mr. Popescu, Romania)

that Eastern Europe had been the major focus in 1990 with regard to private-sector development, and that the Regional Bureau for Arab States and Europe had been strengthened through the merging of existing posts into a division for Europe and the appointment of a division chief.

26. His delegation also appreciated the intiative taken by the Administrator to convene a meeting in April 1991 to examine the role of UNDP in Eastern Europe and to respond to the technical cooperation needs of the countries in transition. He welcomed the willingness shown by the European Community and EBRD to collaborate with UNDP in management and entrepreneurship development and in environmental management.

27. The transformations taking place in his country, as in the other European countries in transition, required international support and increased UNDP assistance. UNDP had the mechanisms and the experience to provide critical technical support in the difficult current phase of Eastern European development; however, it did not have adequate staff or funding to implement the appropriate strategy. He appreciated the fact that, as shown by the informal conference room paper, UNDP was taking the initiative of exploring ways to mobilize additional external resources, with the understanding, however, that such resources must not divert funds or attention from the most needy of the developing countries.

28. His delegation supported the proposed strategy and programme, which took into account both the needs of the countries in the region and the reduction of the country programme IPFs and the regional programme for those countries - in Romania's case, by 20 per cent. He also supported the proposed funding mechanisms referred to in the paper. His Government was very interested in cooperation for the purpose of cleaning up the Danube River basin and the Black Sea. On the basis of the Bucharest Declaration of 1985, steps would be taken to work out a legal framework and mechanisms for protecting the Danube River against pollution. His country had offered to host a meeting of ministers of the Danube countries in 1991. Romania had also signed a convention on the protection of the Black Sea against pollution, and was determined to safeguard its marine environment and living resources.

29. Mr. ŠUCHMAN (Observer for Czechoslovakia) expressed his delegation's appreciation to UNDP for its efforts to respond to the development challenges facing countries in Central and Eastern Europe, and endorsed the programme strategy for Europe outlined in the informal conference room paper and its intended focus on human development in the transition process. The unique situation in the Eastern European countries provided an opportunity for UNDP to demonstrate its comparative advantage as a coordinator and provider of technical assistance through multilateral channels. The five interrelated programmes for the region constituted an important element of UNDP strategy for the 1990s, and demonstrated its commitment to building national capacities. Further attention for the issues of the human dimension of transition and the development of management skills and systems would promote understanding of the situation in the subregion as a whole.

(Mr. Šuchman, Observer, Czechoslovakia)

30. The programme approach outlined in the informal conference room paper reflected adjustments in a number of regional projects initiated at the beginning of the fourth programming cycle in 1987, particularly with respect to the development of the private sector. The sustainability of project networks was a significant indicator of the effectiveness of UNDP regional projects. His delegation hoped that the next UNDP programming cycle for Europe would include transition projects on applied statistical computing, the restructuring of the agricultural sector, and the privatization network.

31. Technical and financial assistance to the Eastern European countries should be provided through separate channels from those for aid to developing countries, and he welcomed efforts to secure financing from such outside sources as the World Bank, EBRD and the European Economic Community (EEC). UNDP's collaboration with the Global Environmental Facility was an example of the Programme's active approach to global and regional environmental problems.

32. His country wished to play an active role in the preparation of the fifth regional programme for Europe, and was prepared to host a high-level UNDP task force meeting in October. In conclusion, he expressed his delegation's appreciation to the staff of the UNDP Regional Bureau for Arab States and Europe for its valuable assistance.

33. Mr. PETTITT (United Kingdom) endorsed UNDP's response to the needs of the Eastern European countries in transition, and welcomed its innovative approaches to programmes and to the mobilization of resources, including its use of such modalities as the TOKTEN, UNV and UNISTAR programmes.

34. With regard to the observation that the familiar bilateral contacts in the field of technical assistance were not available for programmes in Eastern Europe, he pointed out that access was available to a United Kingdom know-how fund which was additional to his country's development assistance to developing countries. His delegation, as a member of UNDP and EBRD, favoured cooperation between the two, and believed that UNDP also should coordinate its efforts with other organizations that provided technical assistance in Europe, including the Organisation for Economic Cooperation and Development (OECD) and EEC.

35. Mr. KÄÄRIÄ (Finland) said his delegation believed firmly that the financing to meet the needs of the Euroepan economies in transition should be additional to traditional development cooperation. A preliminary review of the informal conference room paper before the Council suggested that the general approach to the situation had been carefully thought out.

36. Every precaution must be taken to ensure that core resources and management attention were not diverted from the needs of the least developed countries and UNDP's traditional programmes. Further information was needed on how the additional resources required would be provided in the short term.

(Mr. Kääriä, Finland)

His delegation wondered whether the programmes undertaken in the Eastern European countries were of sufficient scope to justify the proposed threefold increase in UNDP's representation in those countries.

37. Mr. NISSEN (Observer for Norway) said that it was not easy to have a constructive debate on a document which had been made available only at the beginning of the meeting.

38. Although UNDP acknowledged that the resources required to assist the Eastern European countries should come from additional external funds earmarked by the donor community, he was concerned at the possible impact on UNDP's regular resources. The proposal to increase UNDP staffing for several Eastern European countries should be carefully studied in the Budgetary and Finance Committee. His delegation also questioned the realism of the target for co-financing set out in the informal conference room paper, since it would affect the manner in which UNDP managed its internal resources.

39. Mr. MLLOJA (Observer for Albania) said that his delegation was deeply grateful to th Regional Director and the Deputy Regional Director for their approach to the problems faced by the European countries in transition, and particularly appreciated the appeal for help to his country. The response of UNDP was extremely timely. His delegation was confident that the informal conference room paper would receive the strong support of other delegations.

40. Mrs. DUDIK GAYOSO (United States of America) congratulated UNDP on the speed and imagination with which it had responded to the needs of European economies in transition. The informal conference room paper was of a high quality, and a preliminary assessment of it suggested that UNDP and the Governments concerned were focusing on appropriate issues. The report on the Management Development Programme (DP/1991/12) showed that UNDP could help countries in the region obtain access to the technology, information and expertise they would need. Her own country was financing a programme in Poland for the provision of advisory services.

41. It was extremely important that UNDP should coordinate its efforts with those of the World Bank, EBRD and IMF. Her delegation also agreed that assistance to the countries of Eastern Europe should not be provided at the expense of resources allocated to the developing countries. The United States looked forward to further consideration of UNDP's role in assisting the countries of Eastern Europe when it came time to review individual country programmes and the regional programme for Europe. The question should be placed on the agenda of the first inter-sessional meeting of the Standing Committee for Programme Matters.

42. Mr. FONDI (Italy) said that the contribution of UNDP to the countries of Eastern Europe was extremely valuable, not only from the technical standpoint, but also by virtue of its focus on the human dimension of the transition they were undergoing. His Government would thoroughly review all the information in the informal conference room paper.

43. Mr. SAHLANN (Germany) said that UNDP's work in support of the European economies in transition should not jeopardize UNDP aid to developing countries. Additional resources were required. As time went on, further attention should be focused on UNDP's role in the development of management skills and systems to support the economies in transition.

44. Mr. AFANASIEV (Union of Soviet Socialist Republics) exressed his delegation's appreciation for the high quality and professionalism characteristic of UNDP's work in cooperation with the countries of Eastern Europe. The informal conference room paper showed that UNDP and the Governments concerned had altered priorities to facilitate economic reforms during the transitional period. The possibility of establishing a separate division to deal with the countries of Eastern Europe merited further discussion. His delegation recognized that the programmes to be implemented by UNDP in Eastern Europe would not affect UNDP assistance to the primary recipients of UNDP aid. The work to be undertaken with respect to information systems, infrastructure and the protection of the environment would be of benefit to all of Europe.

45. Mr. WHALEY (Deputy Regional Director, Regional Bureau for Arab States and Europe) said that he was pleased with the response to the informal conference room paper he had introduced. He welcomed the growing consensus that there was a place for technical assistance in general, and for UNDP in particular, in Central and Eastern Europe, provided that the relevant policy issues were correctly addressed.

46. As to the late submission of the informal conference room paper, he noted that his office would have preferred to have the document available sooner, but did not have the resources and staff to do so. At the same time, the document had been generated fairly late in order to include as much information as possible on UNDP's consultations with delegations from Eastern Europe participating in the Council's deliberations.

47. The Regional Bureau had held very useful consultations, on an ongoing basis over the past year, with funding partners, including EBRD, the World Bank, IMF and EEC. Those consultations had laid the basis for dynamic and harmonious relations with each of those institutions, some of which had already indicated their willingness to provide additional funding for the activities UNDP had identified.

48. As an example of the kind of multiplier effect which such resources could have, he cited the River Danube Water Quality Protection Project, through which UNDP had been helping several countries for many years. The evolution under way in Europe provided an historic opportunity to address the Danube's pollution problems in a concerted manner, with the cooperation of Eastern and Western European countries alike. As a result, UNDP, in cooperation with the World Bank and the United Nations Environment Programme (UNEP), and in full consultation with other organizations, had generated the approval, through the Global Environmental Facility, of an additional $US 10 million for pollution

control in the Danube, to be added to $US 4 million from UNDP core resources. The latter figure had resulted from a Council decision to reduce resources for regional programmes in Europe by some 60 per cent.

49. With respect to the comments on the staffing proposals for the Regional Bureau, he noted that the proposals before the Budgetary and Finance Committee called for 9 or 10 Professionals, whereas in 1987, when UNDP programmes in Europe had not required as much back-stopping and management input, there had been 11 Professionals on the staff. There was a clear need for a UNDP presence in countries where it had programmes under way, and that was equally true in the countries of Central and Eastern Europe now that UNDP's presence was specifically requested.

50. The introduction of the theme of the human dimension of transition was encouraging. Currently, UNDP was co-sponsoring, together with the World Bank, a six-week seminar in Prague for senior macroeconomic policy makers in Central and Eastern Europe. Some of the members of the team that had prepared the Human Development Report 1991 would conduct a special session at that seminar on the role of human development in macroeconomic policy-making and in the management of the economic transition process. Of course, the concept of human development went beyond the scope of Central and Eastern Europe to encompass all economies in transition.

51. Although the Governing Council's debate had represented only a preliminary approach to the subject, he looked forward to further exchanges with the Governing Council and visits to Central and Eastern Europe and to donor countries, to ensure that the initiatives already taken were adequately followed up.

52. The PRESIDENT said that if he heard no objection, he would take it that the Governing Council wished to take note of the report of the UNDP Administration, together with the comments and proposals thereon.

53. It was so decided.

SPECIAL PROGRAMMES OF ASSISTANCE

(a) AFRICA-RELATED MATTERS (DP/1991/16-18; DP/1991/L.5)

54. Mr. DAMIBA (Assistant Administrator and Regional Director, Regional Bureau for Africa) said that the final review of the United Nations Programme of Action for African Economic Recovery and Development 1986-1990 was under way. It was clear that if Africa was to experience real recovery and sustainable development in the 1990s and beyond, African countries must work with their development partners towards concrete objectives within a longer-term framework, with particular emphasis on the problem of debt and the need to restructure their economies. The Administrator's report on the UNDP role in the implementation of the Programme of Action (DP/1991/16) indicated,

(Mr. Damiba)

among other things, that UNDP had nearly doubled its assistance to Africa in the fourth cycle. However, in view of the remaining challenges to be faced, UNDP must continue to work to strengthen national capacities and to prepare long-term studies and programmes to guide the development of African countries into the next century.

55. The previous decade had been a very difficult one for Africa, as the continent had witnessed declining incomes, erosion of the gains made over the preceding two decades in education, health and transportation, and, in several cases, unprecedented drought, famine and internal and transboundary conflicts. On the other hand, since 1988 the overall growth rate of the region's gross domestic product had kept pace with population growth, and more than half of Africa's countries (excluding areas in emergency situations) had experienced positive real growth rates. The year 1990 had been the third successive year of improved food production in the region, and more than 30 countries continued to implement structural adjustment programmes. However, the remaining challenges of African development would continue to require UNDP to play a vital role in working towards sustainable development in African countries.

56. One such challenge, which also represented an opportunity, was that of Africa's rapid demographic growth, which would necessitate greater emphasis on serving the development needs of ordinary people. It would also necessitate measures to speed up economic growth, assistance to Governments in the implementation of population-control policies, and support for regular national censuses as a basis for development planning. The wave of political transformation sweeping across sub-Saharan Africa presented another major challenge by creating the need to direct the democratization process away from anarchy and towards popular participation in national decision-making and development. While development agencies were non-political, they nevertheless had a role to play in strengthening civil society through their support of non-governmental and grass-roots organizations, as well as in building the administrative capacity to formulate, implement and monitor socio-economic policies and programmes.

57. Prior to the 1980s, African economies had been characterized by rapid expansion of the public sector, an over-regulated economic system relatively uninfluenced by market forces, and a tendency to place an unfair tax burden on the productive sector. Currently, however, most African countries were opening their domestic economies to the interplay of market forces, and economic reforms were under way in some 33 countries. Such reforms must be carefully planned, since premature liberalization, adjustment without adequate regard to social dimensions and national capacity-building, the pursuit of traditional primary exports, and unbridled imports would not result in long-term transformation. The role of UNDP was to help African countries to create enabling environments which would release the creative energies of the people in building an economy which was sustainable and indigenized, which took into account the socio-cultural impact of economic change, and which

(Mr. Damiba)

allowed the interplay of market forces to determine the allocation of resources.

58. The well-known environmental challenge was another priority for Africa, since its development would depend on the protection and preservation of the environment for future generations. The final major challenge for the 1990s was the need for regional cooperation and integration. African development had been constrained by the continent's fragmentation into small countries and markets, because many of the development challenges it faced had transboundary or regional dimensions. For example, environmental problems such as desertification and river-basin development went beyond the limits of the artificially established national boundaries; domestic conflict in any one country inevitably affected the economies of neighbouring countries; simultaneous production of primary commodities led to an oversupply on the world market and subsequent declines in prices; and the markets of many African countries were too small to sustain viable industrialization based initially on domestic markets. In fact, with a total continental income of approximately $340 billion - that of a small Western European country - Africa's fragmentation into 51 politically independent countries pursuing individual economic policies was nothing short of suicidal. African development could only succeed on an integrated, long-term, sustainable basis. Existing intergovernmental organizations therefore required thorough review and rationalization, and those deemed to merit support would require adequate funding and the mechanisms and capacities they needed to function effectively.

59. While the challenges of the 1990s would require concerted efforts by the African people, by their Governments and by donors, Africa itself remained primarily responsible for its own development. The African crisis had produced a growing consensus on a number of critically important ideas: that development was a long-term process of structural transformation which should not be subordinated to short- and medium-term reforms or adjustment requirements; that development strategies must be human-centred, since people were the means and the end of development; and that policies which encouraged and supported the creative energies of the people were critical for ensuring sustainable development.

60. Capacity-building was the foundation for sustainable development. The quality and quantity of human resources and the production structure of a country ultimately determined its ability to grow on a sustainable basis. Environments conducive to the development of local skills were therefore essential, as was the ability of the countries concerned to define their own policies on the basis of their own perception and understanding of their economic, political and social circumstances. That ability, in turn, could only be developed in a suitable socio-political environment, created through improved governance, more openness, a freer exchange of information and an incentive system based on performance.

(Mr. Damiba)

61. There was a pressing need for a long-term development vision for Africa, which must be shaped not by a select few, but by the whole society with a clear understanding of its role and direction. Reform measures and adjustment policies must fit into and contribute to the imperatives of the long-term vision. Although emergency management capabilities would have to remain a major focus in at least six African countries, all such short-term measures should be guided by long-term policies and programmes. The participation of such entities as non-governmental organizations, trade and farming associations, universities and opposition groups in the process of articulating that vision was essential for building social and political cohesion and development.

62. In sub-Saharan Africa, previous UNDP-supported activities to correct critical capacity shortages had not had the desired impact. UNDP must therefore respond strategically, drawing upon the lessons of the past in working to create key capacities which were self-sustaining and which could influence the pace and direction of economic and social development. In the context of the efforts of the Regional Bureau for Africa to strengthen national capacities to articulate and develop a long-term development vision, to define key policies and programmes and to manage development resources effectively, a number of activities had been undertaken in collaboration with the Economic Commission for Africa, the African Development Bank, the World Bank and other donors. Those activities included National Long-Term Perspective Studies and Programmes, which sought to help African countries to prepare long-term development frameworks; the revitalization of development planning in Africa to ensure compatibility between short-term constraints and long-term imperatives; the African Capacity-Building Initiative, which focused on building local capacities for policy analysis and development management; and round-table meetings and National Technical Cooperation Assessment and Programmes to assist Governments in improving aid coordination and management of development resources, particularly technical cooperation. All of those initiatives, which sought to enable Africa to shape and manage its own destiny, were mutually reinforcing and were designed to be complemented by related activities at the country level. In addition, all were designed to facilitate donor coordination through a policy dialogue on development issues.

63. The enormous challenges of African development should be viewed as opportunities for UNDP to help Africa, in a true spirit of partnership, to address its demographic, democratic, liberalization, environmental and economic integration issues. Above all, Africa must define its own long-term vision, rooted in human-centred development and based on its cultural values, and must develop its capacities to define its own policies and manage its own development.

ANNUAL REPORT OF THE ADMINISTRATOR FOR 1990 AND PROGRAMME-LEVEL ACTIVITIES (continued) (DP/1991/10 and Add.1-4, DP/1991/11-15, DP/1991/57, DP/1991/68 and DP/1990/77)

64. Mr. DRAPER (Administrator), responding to points raised during the general debate, said that his annual report (DP/1991/10 and Add.1-4) was intended to show how UNDP had evolved to adapt to significant changes in the world situation and in the perception of technical cooperation. The general debate had yielded stimulating comments on the Human Development Report 1991. In evaluating that document, it must be recognized that no intellectual enterprise was without risk, and no uniformity of opinion was possible on basic issues involving development policy. The strength of the report's analysis lay in its professional honesty, and it should therefore be discussed in a spirit of constructive cooperation.

65. There was broad-based agreement on the report's basic message that people must be at the centre of all development. A number of delegations had praised the important contribution of the two issues of the report to translating that message into practical development strategies and policy options. However, he was deeply concerned that the Governing Council's attention had been diverted from the report's main policy messages by disagreement over the issue of the human freedom index.

66. Human development had been defined as a process of enlarging the range of people's choices. Those choices included not only income, but also better health, more education, a cleaner physical environment, personal security, community participation, and personal and political freedoms. Since that process clearly required the freedom to make such choices, freedom was an integral part of the concept of human development, and questions about the measurement of human freedom should not be allowed to invalidate that definition.

67. However, in the interest of preventing the report's professionalism from being jeopardized by biased or imperfect indices, the concerns which had been voiced about the human freedom index must be addressed. In its statement, the Group of 77 had noted that there were a number of instruments that embodied notions of freedom which were generally accepted by the international community, and that those instruments should have been the central resource for developing any universal freedom index. However, all of the 40 indicators on which the index in the current report was based had been distilled from the Universal Declaration of Human Rights and the International Convenant on Civil and Political Rights. For the purposes of the human freedom index, article 12 of the Universal Declaration, which provided for protection against arbitrary interference with individual privacy, had been interpreted to include protection of the right to homosexuality between consenting adults. Although some delegations had seen that interpretation as a cultural bias, it would be unfair and unreasonable to use that example to cast doubt on the validity of the entire index, since the weight of that indicator in the index was only 2.5 per cent.

(Mr. Draper)

68. Clearly, the human freedom index would require considerable refinement and updating, as in the case of the previously established human development index, which was beginning to gain international acceptance. For example, it might be possible to distil a few political indicators on which there was universal agreement, or to consider some basic economic and social freedoms which many delegations had stressed. There was also a need to develop objective criteria to measure each indicator, and the entire process must be made more transparent so that it could be improved over time through further analysis. Finally, the data used in the next report's human freedom index must be updated, since profound changes had occurred since the elaboration of the current index in 1985. The Human Development Report was intended to be responsive to the concerns of the entire development community, and he would therefore continue to seek advice through informal consultations at the national, regional and international levels. However, he reiterated that the validity of the report depended on its independence and intellectual integrity, and that it was intended to express the views of the team that prepared it, not a consensus within UNDP, its Governing Council or Governments.

69. The Group of 77 had pointed out the importance of examining, in the next Human Development Report, how the external environment affected human development levels in the developing world. Work along those lines had already begun, and that aspect of development would receive a good deal of analysis in future issues.

70. Concern had been expressed that aid allocations might become conditional on human freedom. The Programme did not favour such conditionality, did not recommend it to others, and would not apply that practice itself. Some delegations feared that a high ranking on the human development index might go against them in aid allocations; that was a gross misunderstanding. What mattered for policy dialogue was the rate of change in human development and the rate of human progress, not just the level of human development at a particular time.

71. The Human Development Report was not perfect and was not meant to annoy any country or to embarrass any constituency. Its objective was to stimulate a dialogue on people-centred development strategies and to offer realistic options to policy makers.

72. The European Community, the Group of 77 and the Soviet Union had all stressed that the International Development Strategy for the Fourth United Nations Development Decade should be supplemented by other international agendas, including the Declaration adopted by the General Assembly at its eighteenth special session, the World Declaration on the Survival, Protection and Development of Children and the Plan of Action for its implementation, and the Programme of Action for the Least Developed Countries for the 1990s. Reference had been made to those documents in the annual report for 1990, and UNDP would respond to them within the terms of its mandate.

73. Some delegations had cautioned that UNDP should not diversify its activities into areas where it did not have a clear mandate or a comparative advantage. That point had been made with particular reference to the Programme's work with displaced persons and in the private sector. With respect to displaced persons and refugees, he shared the concern that the roles and coordination of the various United Nations organizations involved should be clear and authoritative, and agreed that UNDP should be the bridge-building organ for the continuum from relief to development. Meanwhile, however, there was urgent work to be done, and UNDP was on the spot with its field network.

74. While UNDP had not received an explicit mandate from the Governing Council to pursue a programme of activities that would enhance the private sector's role in development, an increasing number of developing countries had assigned a central role to the private sector in their development strategies. The Programme's activities in the area of the private sector were fully in line with General Assembly resolution 45/188 on entrepreneurship, which explicitly recognized and supported the participatory role of entrepreneurs in the development process in partnership with Governments. Moreover, enhancing the role of the private sector in development was consistent with the Programme's participatory development strategy. The overriding objective of all UNDP activities related to the private sector was the creation of a more favourable and predictable economic environment in which entrepreneurs and investors would be encouraged to thrive and become part of the mainstream of development. The Programme's activities were designed to help Governments to develop the predictable policy framework and more efficient public-sector infrastructure needed to support private-sector development.

75. Questions had been raised about UNDP cooperation in the area of human rights in Latin America. At the request of the Secretary-General, and in cooperation with the Office of the United Nations High Commissioner for Refugees (UNHCR) and the Organization of American States (OAS), UNDP had recently assisted Central American Governments in resettling members of the Nicaraguan resistance and their families in Nicaragua or in third countries. Since 1986, UNDP had been assisting the Government of Colombia in designing and carrying out rural and infrastructure development projects in the geographic areas most affected by the armed conflict with various insurgent groups. The Programme had assisted Paraguay in establishing a centre for human rights and, more recently, had helped the Government of Haiti to promote the widest possible participation in the 1990 elections with a view to attracting development resources from bilateral donors. In each case, UNDP had responded to a specific request and had helped to promote human development through its cooperation; there was nothing in those activities that was incompatible with its mandate.

76. There was widespread consensus that the Programme's comparative advantages were based on its universality, its political and sectoral neutrality, and its role in the United Nations system, which made it uniquely

(Mr. Draper)

well placed for coordinating the joint efforts of many donors. Moreover, the Programme's network of 113 field offices was a significant factor in that comparative advantage. Both the mid-term reviews of country programmes undertaken over the past two years and the assessment of past experience sought to highlight the Programme's comparative advantages in the national context.

77. Several delegations had expressed the hope that the fifth-cycle country programmes would reflect the six new areas established by the Governing Council in its decision 90/34. The Programme had already begun the process of reorientation, which was reflected to some extent in the six country programmes that the Council would shortly be asked to approve. A number of delegations had stressed that UNDP should concentrate on a small number of programme activities and, at the same time, substantially reduce its large number of individual projects. That process had begun, but it would take time and depend on the extent to which a programme approach was found appropriate by the parties involved.

78. Concern had been expressed about the proposed changes in the administrative arrangements for the Division for Women in Development. The implication seemed to be that UNDP was diminishing the importance of women in development in its policies and programmes. Nothing was further from the truth. The Programme was committed to a comprehensive policy to incorporate a gender focus in all its activities. For example, although UNDP had only six women resident representatives, there were currently 22 women deputy resident representatives in the system. More importantly, since 1988 its recruitment policy had favoured a higher intake of female Professionals in the management training programme. The members of the Governing Council could assist the Programme by providing it with qualified women candidates when UNDP carried out recruitment missions.

79. The changes proposed in the administrative arrangements for women in development were different from the arrangements adopted by other organizations and would need to be carefully monitored. The Women in Development Programme would remain a separate and visible unit within the new Human Development Division, and would continue to give high priority to advocacy and gender training, as well as to policy development and personnel issues. Under the new arrangements, the integration of gender concerns in the fifth-cycle programmes would become the responsibility of all staff of the Bureau of Policy and Programmes, who would receive special training to that end. The Assistant Administrator and his deputy would personally direct that effort, with the advice and assistance of the Women in Development Programme. The integration of women in development would also be furthered by the Programme's intention to strengthen national and regional capacity to assist field offices in incorporating those concerns in all aspects of their work.

80. Many delegations had commented on UNDP's progress in implementing Governing Council decision 90/20 on the environment. While the environmental management guidelines were still being perfected in close cooperation with

(Mr. Draper)

Governments, agencies of the United Nations system and others, they were already being applied in all of the Programme's work. Training in the use of the guidelines had begun and was being expanded.

81. UNDP had cooperated with the Joint Inspection Unit (JIU) in the preparation of a report entitled "Assessment of the environmental focus of projects financed by UNDP and other United Nations agencies" (JIU/REP/91/2). The Programme was currently reviewing the specific recommendations and would report on that matter at a later date.

82. The human immune deficiency virus and the acquired immune deficiency syndrome (HIV/AIDS) were becoming an important issue. The Global AIDS Strategy had provided the framework for the Programme's work, and the WHO/UNDP Alliance to Combat AIDS had consigned to each agency its proper sphere of influence, facilitating a coordinated approach. The Programme would continue to cooperate fully with WHO. Under the WHO/UNDP Alliance, the Programme's sphere of expertise and responsibility related to the social and economic dimensions of the epidemic; that complemented the primary focus of WHO on prevention, health care and treatment.

83. UNDP shared the concern expressed by a number of delegations about the impact of the AIDS epidemic on women. It was necessary to bring to the area of women and AIDS the accumulated knowledge of women-in-development issues, in order to ensure the effectiveness of UNDP assistance in saving lives and lessening the burden of care created by the epidemic.

84. There had been a substantial increase in the number of programmes for national execution since the report on the Management Development Programme had been written for the Governing Council. By 1 January 1991, 34 programmes had been approved, of which 8 would be executed by Governments. Of the 41 programmes approved to date, 15 would be executed by Governments, which meant that all 7 programmes approved in 1991 would be Government-executed.

85. Information had been requested about the proportion of women and experts from developing countries taking part in missions set up under the Management Development Programme. Initially, the number of women on such missions had been small. However, the Management Development Programme Support Unit had considerably increased the number of women on its roster, and, where possible, missions would include women consultants. More detailed guidelines on the integration of women-in-development concerns were currently being worked out on the basis of the evaluation of the Management Development Programme and in close cooperation with the Department of Technical Cooperation for Development. The evaluation team had pointed out that the number of developing country experts on Management Development Programme missions should be increased, and efforts were being made to correct the imbalance in that regard.

86. A major part of the expertise involved in Management Development Programme work consisted of locally recruited national experts. Missions to

(Mr. Draper)

Latin America had, from the beginning, included a substantial number of experts from the region. Special efforts must be made to increase the participation of experts from Africa and Asia.

87. A question had been raised about the coordination of the Management Development Programme with other programmes in the same field, such as the African Capacity-Building Initiative and the Municipal Development Programme. UNDP was closely associated with those programmes and, in the case of the African Capacity-Building Initiative, there were good prospects for cooperation and joint financing.

88. UNDP had taken note of the special appeals made by a number of delegations on behalf of Africa and Eastern Europe. The Programme was fully aware of the challenges facing Africa, and was determined to contribute as fully as possible to meeting them. In addition to its assistance to the African National Congress and the Pan Africanist Congress of Azania, UNDP had established an internal task force at headquarters and a high-level focal point in the field to oversee and assist in the development and review of the Programme's strategy for South Africa.

89. Several countries of Eastern and Central Europe had referred to their transition from centrally planned and market-oriented economies, and had given examples of how UNDP had been able to sustain them in that process, especially in the area of privatization. While those countries' needs were, clearly, great, he stressed that UNDP resources for that region should be supplementary and not taken from existing central funds.

90. The Byelorussian Soviet Socialist Republic had drawn attention to the accident at the Chernobyl nuclear power plant and its tragic aftermath. He was sure that members of the Governing Council would come forward with special resources in order to enable UNDP to respond to the Republic's very important request. Albania had requested UNDP to carry out a mission to review that country's emergency needs; that mission would take place later in the month.

91. The United Kingdom had asked a number of questions concerning the Programme's support for tobacco-related projects. Since UNDP did not have a policy on that issue, it welcomed guidance from the Governing Council in that regard.

92. Many delegations had spoken on the subject of resources. While he was aware of the pressures on national aid budgets, he hoped that the Programme would nevertheless succeed in reaching its target of an 8 per cent annual increase.

93. References had been made to the issues of support costs and net contributor status. Support costs were the subject of ongoing negotiations, and he hoped that the Governing Council would be able to resolve the issue at its current session. The provisions of the fourth programming cycle

applicable to countries with a per capita gross national product (GNP) above $3,000 and small island countries with a per capita GNP above $4,200 were contentious for many delegations and difficult to administer. The arrangements for the fifth programming cycle emphasized that a country's change from recipient to donor status should be gradual. Furthermore, the principle of universality of the Programme would be maintained by keeping UNDP field offices in countries with programmes that were large enough to justify a permanent UNDP presence.

94. Denmark had proposed the creation of an international development council to discuss matters relating to UNDP, the United Nations Population Fund (UNFPA), the United Nations Children's Fund (UNICEF), the World Food Programme (WFP) and the International Fund for Agricultural Development (IFAD). The possibility of changing the funding arrangements for UNDP to include assessed contributions had also been mentioned. He referred those issues to the Governing Council for consideration.

95. The PRESIDENT summarized the debate on the annual report of the Administrator for 1990 and programme-level activities. He hoped that the suggestions made by participants would guide UNDP in its activities for the next year and the future.

96. If he heard no objection, he would take it that the Governing Council agreed that the Drafting Group should prepare draft decisions on the item.

97. It was so decided.

The meeting rose at 12.55 p.m.